

**AGENDA**



**Recommendation for Council Action (Purchasing)**

Austin City Council	Item ID:	16237	Agenda Number	66.
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Meeting Date:	June 28, 2012
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Department:	Purchasing
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**Subject**

Authorize award, negotiation, and execution of a 36-month requirements service contract with ARAG SERVICES LLC., or one of the other qualified offerors to RFP No. JSD0121, to provide group pre-paid legal services for the Human Resources Department in an estimated amount not to exceed \$2,128,000, with three 12-month extension options in the estimated amount not to exceed \$818,000 for the first extension option, \$946,000 for the second extension option and \$1,093,000 for the third extension option, for a total estimated contract amount not to exceed \$4,985,000.

**Amount and Source of Funding**

This contract will be funded by City employees that enroll in the benefit.

**Fiscal Note**

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	Best evaluated proposal received.
Prior Council Action:	
For More Information:	Jeff Dilbert, Corporate Purchasing Manager/974-2021
Boards and Commission Action:	
Related Items:	
MBE / WBE:	This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting

opportunities were identified; therefore, no goals were established for this solicitation.

#### Additional Backup Information

This contract with ARAG Services LLC, Des Moines, IA, is for an employee paid Pre-Paid Group Legal Plan for City employees. The personal legal services which can be obtained under this program include legal hotline, preventive legal, major trial services, divorce/separation/annulment, adoption, wills, court and administrative proceeding services, name changes, consumer protection, IRS representation, and defense services for various personal legal matters.

The 2013 monthly rates are \$10.88 for Employee Only and \$12.50 for Employee and Family/Domestic Partner and Children. Rates are guaranteed for the first 48-months (which includes an initial 36-month term of the contract and the 1<sup>st</sup> option). The rate increase for the 2<sup>nd</sup> option and 3<sup>rd</sup> option will not exceed 7.5%.

The total amount for the initial contract period, January 1, 2013 through December 31, 2015 is estimated at \$2,128,000. The three options, if exercised, will extend the contract through December 31, 2018.

The estimated contract amounts were based on enrollment increasing 10% for the first year due to no waiting period for divorce, added coverage and a lower Employee and Family/Domestic Partner and Children rate. Subsequent years are estimated at a 7.5% increase in enrollment.

An evaluation team of benefits staff from the Human Resources Department evaluated the proposals based on conformance to the scope of work, demonstrated applicable experience, personnel qualifications, evidence of good organization and management practices, and total evaluated cost. The recommendation for award is to ARAG Services LLC., the best evaluated proposer offering the lowest cost to the City.

MBE/WBE solicited: 4/4

MBE/WBE bid: 0/0

RFP No. JSD0121

#### **PRICE ANALYSIS**

- a. Adequate competition.
- b. 210 notices were sent including 4 MBEs and 4 WBEs. Four proposals were received. No MBEs and/or WBEs responded.
- c. The pricing offered represents a less than 1% increase in Employee Only Coverage and 21% decrease in Employee and Family/Domestic Partner and Children Coverage from the last purchase made December 29, 2006. The current monthly cost for Employee Only is \$10.82 and Employee and Family/Domestic Partner and Children is \$15.16.

#### **APPROVAL JUSTIFICATION**

- a. Best evaluated proposal.
- b. The Purchasing Office concurs with the Human Department's recommended award.
- c. Advertised in the Austin American Statesman and on the Internet.